

FISCAL NOTE

SB 3458 - HB 3537

March 8, 2004

SUMMARY OF BILL: Revises the procedures required of the Department of Transportation for closing highway and bridge construction contracts to conform to changes in federal law concerning the retainage by state governments from contractors.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact - The federal government recently enacted legislation prohibiting state governments, except for a very limited set of circumstances, from retaining percentages of contracts from contractors performing work associated with highway and bridge construction. Currently, the Tennessee Department of Transportation holds back 3.5% of all earnings on such contracts for two primary reasons 1) to guarantee satisfactory completion of the contracted work and 2) to satisfy any outstanding claims against the contractor that have been incurred during the performance of the contract. This bill would bring Tennessee Code into conformity with the recently enacted federal legislation by disallowing this type of holdback. Any cost to the state as a result of this bill is estimated to be minimal. According to the Department of Transportation, not complying with the new federal regulations would place federal funds to the state exceeding \$600,000,000 per year in jeopardy.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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